



Conflict Management and Job Performance in The Banking Industry: A Malaysian Experience

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ABSTRACT

The aim of this study is to examine the relationship between conflict management (CM) and job performance (JP). There are five styles of conflict management which are integrating, dominating, obliging, avoiding, and compromising. However, in this research the author only focuses on integrating, obliging and compromising styles which are considered as our independent variables and job performance as our dependent variable. Accordingly, dominating (high concern for self and low concern for others) and avoiding (low concern for self and others) styles do not fit Malaysian culture. Data consists of respondents in the banking sector. Correlation analysis were used to support the findings. It was found out that obliging and compromising has a significant relationship with job performance while no relationship exists between integrating and job performance. It appears that the reserved and soft-spoken Malaysian would opt to sacrificing their goals (obliging) and can easily agree with the outcomes of the conflict management (compromise). The individualistic-collectivist culture characteristics indicate different approach between Western and Asian managers in handling conflict management.

1. INTRODUCTION

Conflict is unavoidable and professionals spend great amount of their time dealing with it. Studies have shown that conflict embrace all levels and aspects of organizations and hence conflict management is crucial because, when manage properly, will resolve a lot of misunderstanding, eliminate miscommunication, clear up unsolved issues and improve leadership effectiveness, Tjosvold (2008), Korbanik, et al., (1993); Darling and Fogliasso, (1990). Rivers (2005) suggested that the mere fact of categorization (between two separate parties) is enough to cause conflict. This categorization or social identity theory is exactly what happens when groups are formed; representing different functions within an organization and it support the notion that is inevitable (Lewis, et al. 1997).

Customarily organizations often view conflict as an undesirable, unproductive, rather than as a way to sort out things, Boonsathorn, (2007). Conversely, in an organizational context, conflicts are common, yet most of the time meaningful, and eventually promote better working environment. Avoiding conflict has been proved ineffectual while wishing for a conflict-free work

environment is unrealistic, Tjosvold (2002). As professionals interact in organizations, diverse cultural backgrounds, beliefs, gender, education experience, values and situations may spawn tension and conflict. Conflict management requires extended knowledge and skills such as communication skills, the art of negotiation, understanding cultural differences, the emotional level of all parties and many others before establishing the best outcome. When conflict is recognized, acknowledged, and managed in a proper manner, personal and organizational benefits will result, that will encourage creativity and growth (Silverthorne, 2005). Accordingly, productively managed conflict can strengthen trust between team members and thereby improved team performance (Kozlowski & Klein, 2000; Marks et al., 2005). It turns out that, today, to be an effective manager, they seek not to avoid but to manage conflict within the organization (Rahim et al., 2001).

PURPOSE OF STUDY

The purpose of this study is to examine the relationship between conflict management and job performance of executives in Malaysian banking sectors. Besides this, only

three out of five conflict management styles were zoomed in i.e. integrating, obliging and compromising.

2. LITERATURE REVIEW

Conflict exists when the goals of at least two competing parties are not compatible to each other due to competing scarce resources and conflict management refer to responses or behavior that people use in the conflict (Wilmot & Hocker, 2001). Job performance is about adhering to established standards when doing one's job. It involves actions and activities that can be monitored and measured, Mrayyan and Al-Fouri (2008). Over the last four decades, as job performance phenomenon increasingly becomes more complex, management and researchers have shifted their perspectives on how they look at job performance, Blickle, et al. (2010), Barbuto, et al., (2009), Mrayyan and Al-Fouri (2008), Griffin, et al. (2007); Arvey and Murphy (1998), Griffin, et al. (2007) argued that the shift was from narrow focus of fixed tasks to wider span of work roles.

A. Conflict Management and Job Performance

The approach towards conflict management has been continuously studied and researchers have categorized them through a variety of classifications. Follett (1940) first conceptualized the first five-style classification of behavioral conflict-handling - domination, compromise, integration, avoidance and suppression. Deutsch (1949), explore another conceptual involving either cooperation or competition. Blake and Mouton (1964) argued that conflict management styles were related to attaining goals based on high/low concern for production and high/low concern for people. Five styles i.e. withdrawing, smoothing, forcing, problem solving, and compromising were proposed. Later, other researchers like Thomas (1976), Rahim and Bonoma (1979) extended this model by focusing on the desire to satisfy your own concerns and the desire to satisfy the other's concerns and this has ensued the five different styles of conflict management – integrating, accommodating, compromising, competing, and avoiding.

Rahim, (2002), posited that organizational learning and effectiveness can be enhanced through a correct diagnosis of organizational conflict and involvement of structural interventions in the conflict. However, further inspection in related literature exposed that there have been mixed preferences regarding the practice of conflict management. Boonsathorn (2007) indicated that Thai executives, were more inclined towards avoiding and obliging styles of conflict management than the American executives. However, from the study, staying longer in other cultures would change their approach, the more they seem to using a dominating style, and the less relying on avoiding and obliging styles (Boonsathorn, 2007). Elsayed-Ekhouly and Buda (1996) learned that Middle

East executives revealed more integrating and avoiding styles, whilst American executives unveiled more obliging, dominating and compromising styles.

Kozan (1989, 2002) claimed that the Turkish approach of conflict management was very much influenced by hierarchy levels. The respect for higher authority compels subordinates to resort to a more accommodative approach, while suppressing/and or avoiding competition between peers (focus on collectivism and group harmony); and imposing solutions on subordinates (analogous to a parent-child relationship). In situation where group consists of different cultures, commonly, a third party would be used in resolving conflicts to maintain harmony in organizations Kozan *et al.*, (2007), and Ergin and Kozan (1999) confirmed that more than 65 percent of conflicts in Turkish organizations resort to third parties.

B. Integrating and Job Performance

Integrating style has been characterized as someone who has high concern for themselves and for others, Shih, & Susanto, (2008); Ozkalp, et al., (2008); Kim T. et al. (2006); Gross and Guerrero (2000) and Rahim (1992), and the goal of this style is to reduce organizational conflict, Barbuto, et al. (2009). This approach is considered as one of the most effective conflict management strategy, John E. et al. (2009); MacIntosh G. and Steven C., (2008); Gross and Guerrero, (2000), as not only it reduces conflict, but also stress, Barbuto et al. (2009). Common approach to this style includes openness, information sharing, cooperation and finding alternative solutions to maximize outcome, Lawrence and Lorsch, (1967), Daly, et al. (2009) and Rahim (2002). Lawrence and Lorsch (1967) further reiterated that this style is also suitable when fusion of ideas is desirable to solving a complex problem where different set of skills and resources must be integrated. It was also found that this style improves job performance, De Dreu (2005).

C. Obliging and Job Performance

This lose-win approach is about sacrificing oneself for the sake of others, Thomas et al. (2008). The concern to preserve relationship is more important than achieving their own goals or outcomes, Rahim (2000). Japanese executives generally are more obliging to their supervisors, Tae et al. (2007). However, Michael (2000) posited that this style was generally neutral and at times can be neither effective nor highly appropriate, Gross, (2000). This style may be appropriate when a group or team is not familiar with the subject matter involved in a conflict or the goals of the other group much more important than their goals. This style may be appropriate when a party is dealing from a position of weakness or believes that preserving relationship is important, Rahim (2002).

D. Dominating and Job Performance

This style of conflict management prioritizes the outcome over the relationship. More suitable referred to as “win-lose”

approach. One party may act in a very compelling way to achieve its goals. Teamwork would be somewhat lax as little, or no cooperation exist with the other party. Eventually, the goal is to realize the outcome of the disagreement over maintaining a positive relationship. However, this approach may be appropriate under emergency situations where time is of the essence and quick decisive action is critical.

E. Avoiding and Job Performance

This style of conflict management delays addressing the issue indefinitely. The concern to achieve own's goal is less important as it is also true for the other party. Both parties agree to disagree on minor issues and considered them as trivial. Too much energy and time may be spent to address the issue rather than avoiding it. Obviously, it is not urgent and better to focus more on other priority issues. Other conditions for this approach to work is when one party has no chance of winning the outcome. It can also be effective when the issue would be very costly.

3. METHODOLOGY

A) Hypothesis

Since our goal is to find the relationship between conflict management and job performance, we develop four hypotheses, one relating the overall relationship while three others relate to the conflict approach. Our hypothesis are as follows:

H1: There is a significant relationship between conflict management and job performance

H2: There is a significant relationship between integrating approach and job performance

H3: There is a significant relationship between obliging approach and job performance

H4: There is a significant relationship between compromising approach and job performance

B) Research Framework

Figure 1 below shows the relationship between the independent variables i.e. conflict management and dependent variable i.e. job performance. Constructs for the independent variables are integrating, obliging and compromising approach.

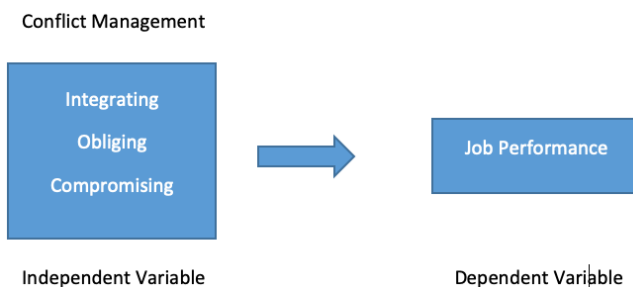


Figure 1 Conflict management vs Job Performance

C) Data Collection

Due to time and financial constraints, sample data consists of 250 questionnaires were sent to executives in the banking sector. However, only 164 (65.6%) were returned and used for the analysis. Questionnaires were sent at random.

4. ANALYSIS AND DISCUSSION

A) Validity and Reliability Analysis

Data were analyzed using SPSS V21. Table 1 below summarizes the reliability analysis for the all the independent variable, including the three constructs and the dependent variable.

Table 1: Reliability Statistics

Cronbach's Alpha	No. of Items	Variables / Constructs
0.713	9	Conflict Management (Independent)
0.873	5	Integrating Approach
0.893	4	Obliging Approach
0.820	6	Compromising Approach
0.814	12	Job Performance (Dependent)

It can be concluded that all the variables and constructs are reliable as the Cronbach's alpha coefficient show a relatively high consistency.

B) Correlation Analysis

Table 2: Correlation value for all the variables.

	CM	IA	OA	CA	JP
CM Pearson Correlation	1	.645**	.567**	.533**	.237**
Sig. (2-tailed)		.000	.000	.000	.002
N	164	164	164	164	164
IA Pearson Correlation		1	.279**	.258**	.142
Sig. (2-tailed)			.000	.001	.000
N		164	164	164	164
OA Pearson Correlation			1	.236**	.421**
Sig. (2-tailed)				.002	.000
N			164	164	164
CA Pearson Correlation				1	.188*
Sig. (2-tailed)					.016
N				164	164
JP Pearson Correlation					1
Sig. (2-tailed)					
N					164

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

C) Hypothesis Testing

H1: There is a significant relationship between conflict management and job performance

Based on the correlation result, there is a significant relationship between conflict management and job performance, with $r = 0.237$, $N = 164$, $p < 0.01$. Managing conflict is important to improve job performance. Proper management of conflict would improve job performance. The result shows consistency with that of Rahim, (2002). He continued emphasizing that certain type of conflicts relating to tasks, policies and other organizational issues have been proved to promote positive effect on individual and group performance.

H2: There is a significant relationship between integrating approach and job performance

Hypothesis 2 is rejected as the result shows that $r = 0.142$, $N = 164$, and $p > 0.05$, confirming that the relationship is not significant. Interestingly, although this approach is considered as one of the most effective conflict management strategy, as mentioned by John E. at al. (2009); MacIntosh and Steven (2008); Gross and Guerrero, (2000), where openness, information sharing and cooperation are required toward problem solving and minimizing of organizational conflict, it seemed that, in our case, the Malaysian executives are not ready for that. This shows that executives do not give high concern for themselves and the other parties in order to cooperate or manage the conflict among them. They may also do not give positive reaction, opinion and judgment regarding the conflict. Malaysian culture slightly differs that the western culture in such a way that the Malaysians are more reserve and tolerant and easy to concede to other opinions or ideas even though their opinions or ideas are more superior.

H3: There is a significant relationship between obliging approach and job performance

With $r = 0.421$, $N = 164$, $p < 0.01$, it can be summarized that there is a significant relationship between obliging approach and job performance. Obliging approach is also a common approach used by executive to manage conflict and improve job performance. This lose-win approach is very common for Malaysian executives. Probable reason would be because Malaysian don't like to argue, more reserve and prefer to preserve relationship among peers rather than going for open confrontation.

H4: There is a significant relationship between compromising approach and job performance

Hypothesis 4 is also accepted based on the statistics $r = 0.188$, $N = 164$, and $p < 0.05$. This tells us that executives use compromising style to overcome conflict in order to improve job performance. This give-and-take approach is also quite common for the Malaysian executives. This finding is also supported by Wang, et al. (2005).

5. CONCLUSION

The paper discussed earlier that previous results regarding conflict management are mixed. Cultural differences and hierarchical levels have contributed towards the mixed results, Boonsathorn (2007), Elsayed-Ekhouly and Buda (1996), Kozan (1989, 2002). For a more complex situation, the involvement of third party would be a better approach, Kozan *et al.*, (2007), and Ergin (2000). Further researches could reveal other factors that may possibly have significant influence over conflict management. Our results also concur with the previous findings, showing that preferences for conflict management in the banking sector are also mixed.

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